

CHAIRMAN'S STATEMENT

Dear Shareholders,

IN PERSPECTIVE

The Year 2009 continued to be a volatile one for the entire world, whereby the global financial crisis started by the sub-prime mortgage debacle in 2008, resulted in recessions within many countries across the globe. The Malaysian economy was not spared, and our GDP growth suffered a contraction of 1.7% during the year. The second half of 2009 saw economic recovery as the Government's policy responses together with the country's strong economic fundamentals, resulted in a positive 4.5% growth in the last quarter of 2009. Amidst this operating landscape, the Group, turned in a satisfactory set of results.

OPERATING LANDSCAPE

The Group operates in four geographical areas covering six major business segments :

- Malaysia - Issuing credit cards and investment holdings; printing and manufacturing of packaging boxes.
- East Asia - Factoring services, investment holding, manufacturing and retailing.
- South Pacific Islands (Papua New Guinea "PNG" and Fiji) and Australia - Automotive and heavy earthmoving equipment, retailing and wholesaling of merchandise, service and support of information systems and office equipment, shipping, hardware merchandising, agriculture, agro/aquaculture, coconut oil mill, manufacturing of tinned food, provision of property management services, investment in properties, property development including dealing in land and estate management, banking and investment holding.
- United States of America - Investment holding and property investment.

Approximately 79.64% of the Group's revenue for 2009 was derived from the Group's PNG and Fiji operations, which in turn contributed approximately 7.65% of the Group's operating profits. While its Malaysian operations contributed approximately 15.85% of the Group's total revenue, its operating profits contribution to the Group was approximately 89.16% for 2009.

FINANCIAL AND OPERATING PERFORMANCE

The Group's 2009 revenue totalled RM1.89 billion representing an 8.25% decline over RM2.06 billion recorded in 2008. The reduction in revenue was mainly from its businesses in the South Pacific Islands, namely PNG and Fiji, due primarily to lower contribution from the coconut oil mill operations in PNG, lower margins recorded from the retail operations in Fiji and the impact of the devaluation of the Fijian Dollar by the Reserve Bank of Fiji.

However, the Group's profit before tax for 2009 recorded a 6.83% increase to RM140.28 million, compared to RM131.31 million the previous year. Profit after tax similarly increased by 14.83% to RM109.81 million. The increase in profits was significantly contributed by non-recurring gains of RM61.26 million that resulted from the write-back of debts and interest and reversal of provision for liabilities from a legal settlement, and lower losses from other non-core operating segments.

SIGNIFICANT CORPORATE DEVELOPMENTS

a) Incorporation of Subsidiaries

The Group continued its business expansion plans in 2009, and incorporated the following wholly-owned new subsidiaries :-

- In Solomon Islands - BM Leasing (Solomon Island) Ltd and Courts Home Maker (Solomon Island) Ltd by WR Carpenter (PNG) Ltd, our wholly-owned subsidiary in PNG. The principal activities of the two companies are operating self drive car rental services, and retailing of electrical appliances, household furniture and furnishings, respectively.
- In the Republic in Vanuatu - Carpenters Hardware Ltd and Carpenters Cash & Carry Ltd by Carpenters Vanuatu Holding Ltd, a wholly-owned subsidiary of WR Carpenter (PNG) Ltd. The principal activities of the two companies are homeware and hardware merchandise trading and groceries trading, respectively.

b) Deconsolidation of a Subsidiary

During the year, a Court winding-up order was served on MBf Auto Corridor Sdn Bhd, a 72.34% owned subsidiary of the Company, by a creditor. The winding-up had no material or operational impact on the Group, and in fact resulted in a deconsolidation gain of RM4.45 million.

c) Proposed Privatisation Exercise by Major Shareholders

In October 2009, the Company's public shareholding spread was reduced to 18.46% and breached the minimum requirement of 25% under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). In this regard, its major shareholders had proposed a privatisation exercise by way of a selective capital reduction ("Proposed SCR") and in conjunction with the Proposed SCR also proposed the acceleration and cancellation of MBfH's warrants ("Proposed WAC"). However, the Proposed SCR failed to obtain the required 75% approval from minority shareholders with only 67% voting for and 33% voting against the SCR at the Extraordinary General Meeting (EGM) held on 27 April 2010 and accordingly the Proposed WAC was not tabled at the warrant holders meeting held after the EGM.

The Company had obtained approval from Bursa Securities to rectify the public shareholding spread by 31 August 2010. In this respect, the Board will deliberate on the rectification plan and shareholders will be notified accordingly via an announcement to Bursa Securities.

ACHIEVEMENTS

During the year, the Group's Card and Payment Services subsidiary, MBf Cards (M'sia) Sdn Bhd, had its ISO 9001/2000 certification and credit ratings reaffirmed by the respective authorities. In addition, the company emerged as the Winner for the Best Cardholder Promotion Category in the inaugural MasterCard Hall of Fame Awards 2009, for one of its marketing campaigns.

In addition, with the focus on meeting the high quality printing standards and regulations in Japan, MBf Printing Industry Sdn Bhd was recognized by McDonalds APMEA (Asia Pacific, Middle East and Africa) when it was awarded the Best Packaging Supplier in Asia Pacific. The company also received another Appreciation Award from McDonalds Japan in the third quarter of the year, for the flexibility and services extended to meet their demands.

CHAIRMAN'S STATEMENT

PROSPECTS

While the world economy experienced the worst effects of the global financial crisis in the first half of 2009, most economies experienced a recovery by the second half of the year. The swift and concerted policy actions implemented by the Governments and Regulators worldwide were instrumental in avoiding a deeper depression of the world economy.

The outlook and prospects for the Malaysian economy, which is expected to grow by 4.5-5.5% over the next one year, are expected to be moderate, supported by strengthening domestic demand, particularly private consumption, and an improving external demand. The services sector which expanded by 2.6% in 2009 to support the Malaysian economy is projected to register higher growth of 4.9% in 2010, and will remain the key contributor to overall GDP growth.

Prospects of the PNG economy for the next one year are expected to be moderate, induced by the impact of the global recession in 2009, a significant depreciation of the Kina exchange rate; high import inflation; excessive Government expenditure and additional domestic demand pressures.

Fiji's growth outlook for 2010 remains positive against a backdrop of improved global performance. Prospects are also expected to be moderate, underpinned by higher commodity prices, particularly of oil, in the coming months as the global economy picks up; as well as higher prices of goods.

Looking forward, the overall prospects of the Group's operations are expected to remain challenging this year in light of the stiffer competitive environment in the card and payment services segment, as well as the impact of the adverse performance recorded in PNG and Fiji. Despite the challenges of the operating environment locally and globally, the Group will continue to persevere in managing and growing its businesses, while being innovative and pre-emptive in its efforts and initiatives to remain competitive. Continued efforts will be made to upgrade operating infrastructure, improve cost structures and quality of resources so that we are able to deliver and fulfill stakeholders' expectations.

ACKNOWLEDGEMENTS

The Board of Directors of the Group would like to record its appreciation to all our valued customers, bankers, business associates, partners and relevant authorities for your continued support and confidence in the Group.

We also wish to thank the management and staff for their unfailing commitment, dedication and loyalty which have contributed to the growth and success of the Group.

Last but not least, the Board wishes to place on record its sincere appreciation and gratitude to all our shareholders for their continued support and faith in the Group.

To all our stakeholders, our deepest appreciation to all of you as you have in no small way, played a role in helping us build and grow the MBf brand.

LEE CHAING HUAT

Chairman

7 June 2010